Action against private educational institutions for tax evasion

4247. SHRI R. SHUNMUGASUNDARAM: Will the Minister of FINANCE be pleased to state:

(a) how many private educational institutions are in Income Tax arrears for the last three years;

(b) how many prosecutions for tax evasions against such institutions are pending; and

(c) what other proceedings have been initiated against private educational institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) The Income Tax Department does not centrally maintain separate details of Income Tax arrears on the basis of categories such as "Private Educational Institutions".

(b) Two prosecution proceedings are pending against private educational institutions for tax evasion.

(c) The Income Tax Department does not maintain a data bank for proceedings initiated under different provisions of Income Tax Act, 1961, in repect of different categories of assessees such as "Private Educational Institutions".

Decline in the value of Dollar

4248. SHRI RAJEEV SHUKLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the sharp decline in the value of US Dollar compared to Euro;

(b) whether any steps have been taken to readjust our country's exposure to the US Dollar, in view of the changing global current markets; and

(c) the changes in proportion of Indian foreign reserves held in major currencies over last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) During 2004-05, the US Dollar depreciated by 5.8 per cent against the Euro.

(b) and (c) India's foreign exchange reserves are invested in major convertible courrencies like the US Dollar, Euro, Pound Sterling, Japanese Yen etc. In view of its importance, the Euro has also been made the Reserve Bank of India's (RBI's) intervention currency, in addition to the US Dollar. Appropriate adjustments are made in the currency composition of foreign exchange reserves from time to time, depending upon various considerations, like benefits from diversification of currency risk, the necessity of maintaining a major portion of reserves in intervention currencies, ensuring alignment of currency profile of reserves with external trade invoicing patterns and developments in global currency markets.

Coverage of professionals under the Service Tax

4249. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a)the details of services on which Government have imposed Service Tax;

(b) whether it is a fact that professions like legal, medical, etc., have not been covered under the Service Tax net though they are also providing services to the people collecting money as fee, advice, etc.; and

(c)if so, what are the reasons for not bringing the professionals mentioned at (b) above into the Tax net of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Service Tax is at present levied on 71 services as per Statement (See below).

(b) Yes, Madam, the services of the professions like legal and medical are not subjected to Service Tax.

(c) Service Tax being in nascent stage is being imposed in selective manner, so that it does not cause much hardship to common man, who ultimately bears the burden of tax. Since these Services are directly in relation to well being of the common man they have not been levied to Service Tax.